

U.S. DEPARTMENT OF ENERGY
**Office of Electricity Delivery and
Energy Reliability**



ENERGY ASSURANCE DAILY

January 5, 2006

Electricity

Update: 12,000 Californians Still Without Power After Storms

Some 12,000 Pacific Gas & Electric Co. customers throughout Northern and Central California remained without power Wednesday as work crews scrambled to reach remote areas damaged by a series of powerful weekend storms. PG&E spokesman Jon Tremayne said the utility was unsure when it would restore power to its customers. More than 1.5 million were hit with blackouts since late Thursday. Tremayne said 500 of PG&E's telephone poles were knocked down, 450 transformers damaged, and the utility had to restring 280 miles of wire. He said PG&E hasn't placed a dollar figure on the damage.

<http://www.montereyherald.com/mld/montereyherald/news/13555395.htm>

AEP's 528 MW Coal-fired Welsh 1 Unit in Texas Shut Jan. 5

American Electric Power Co Inc. shut the 528-megawatt unit 1 at the 1,584 MW Welsh coal-fired power station in Texas on Jan. 5 to fix a boiler tube leak, the company told Texas regulators in a report. The unit is scheduled to be back on Jan. 8.

Reuters 7:59, January 5, 2006.

Update: OPG's 490 MW Coal-fired Nanticoke 5 Unit in Ontario Back in Service

Ontario Power Generation's 490-megawatt unit 5 at the 3,920 MW Nanticoke coal-fired power station in Ontario returned to service by early Thursday, the province's Independent Electricity System Operator reported. The unit shut by Dec. 30. With the return of unit 5, all of the Nanticoke units were available for service except unit 1, which shut for unplanned work by Nov. 21.

Reuters 8:20, January 5, 2006.

Update: Aquila Seeks Permission to Operate Banned 315 MW Plant in Missouri

More than six months after opening its South Harper power plant in Peculiar, MO, Aquila Inc. said Wednesday it plans to ask Cass County for permission to operate the facility. The Kansas City-based utility said it will apply for the special-use permit; a process company spokesman Al Butkus said could take at least "a couple months." The decision comes two weeks after the Missouri Court of Appeals refused to change a decision it made in June saying the 315 MW plant should have complied with county zoning regulations and received approval from the county commission.

<http://www.kansascity.com/mld/kansascity/news/local/13550051.htm>

Analyst Warns of New Crisis for U.S. Utilities: Uranium Supply Crunch Coming

Research analyst Kevin Bambrough for Sprott Asset Management, predicts a major crisis ahead for U.S. utilities hoping to obtain fuel for their nuclear reactors, especially for those proposing new reactors.

Bambrough warns of a supply deficit peaking in 2015 that might drive uranium prices to an "unsustainable" high "north of \$500/pound." The U.S. EIA projects, during Bambrough's timeframe, 67% of the nuclear fuel required to power the 103 U.S. nuclear facilities has not yet been contracted.

<http://www.prweb.com/releases/2006/1/prweb328482.htm>

Petroleum

Crude Moves to Four-Month High

Crude closed at a four-month high Wednesday as traders placed long bets ahead of a potentially bullish report on U.S. fuel inventories. February crude gained 21 cents to close at \$63.35 a barrel, clearing the two-month high it set on Tuesday. The upward move has been attributed in part to the natural gas dispute between Russia and Ukraine.

<http://www.thestreet.com/stocks/energy/10260018.html>

ConocoPhillips Expects 257,000 bpd Louisiana Refinery to be Partially Up Late Jan.

The Alliance 257,000 barrel-per-day refinery in Belle Chasse, Louisiana, is expected to begin partial operations in late January and full operations around the end of the first quarter, ConocoPhillips said Thursday. The refinery was shut after Hurricane Katrina hit the U.S. Gulf Coast in late August.

Reuters 9:21, January 5, 2006.

Kansas Refinery to Expand Output by 15,000 bpd by End of 2006

Coffeyville Resources LLC will expand its 100,000 barrel-per-day oil refinery in Coffeyville, Kansas, by 15,000 bpd by the end of 2006, the company said. The expansion will boost the plant's production of gasoline and diesel, and allow it to run lower cost crude oils.

Reuters 12:52, January 5, 2006.

Rebels Attack Colombia's Energy Infrastructure as Election Approaches

The Revolutionary Armed Forces of Colombia, or FARC, began sabotaging Colombia's energy infrastructure in Putumayo state over the weekend. Since last Friday, rebels have blown up at least three energy pylons, an oil pipeline and eight oil wells that leaked approximately 10,000 barrels of crude into the Guamez and Putamayo rivers. The police could not identify the owners of the oil wells and did not know how much they usually produce. Security analysts say the rebels may increase attacks as May's presidential election approaches.

<http://www.miami.com/mld/miamiherald/13553425.htm>

<http://www.alertnet.org/thenews/newsdesk/N02226810.htm>

http://www.stratfor.com/products/premium/read_article.php?selected=Situation%20Reports&sitrep=1&id=260390

Natural Gas

Shell Starts Up New Nigeria LNG Unit, Second Due Soon

Energy major Royal Dutch Shell has begun production at a new unit at its Nigerian liquefied natural gas project and a second is due to start up soon, the company said on Thursday. The units are trains four and five at the Nigerian Liquefied Natural Gas (NLNG) plant on Bonny Island in the south-east of the country. The production units, which have a combined capacity of eight million tonnes a year, will export gas to Europe and the United States.

Reuters 12:02, January 5, 2006.

US Energy Secretary Not Worried Over LNG Going to Europe

U.S. Energy Secretary Sam Bodman said on Thursday he was not concerned that better natural gas prices in Europe would divert many gas shipments bound for the United States or significantly affect available U.S. supplies. Some shipments of LNG have been skipping the U.S. market for Europe, particularly Spain, where gas brings a higher price. More LNG shipments could be heading to Europe after the dispute between Russia and the Ukraine over gas costs raised worries among European countries over the reliability of supplies and pushed gas prices there higher.

Reuters 10:55, January 5, 2006.

Hurricane Recovery Updates

December 15 was the last scheduled hurricane emergency situation report prepared in 2005. There will be no further updates to refinery, natural gas plant or pipeline data. The US Minerals Management Service continues to provide weekly status report on Gulf of Mexico production. This information is represented in the tables below. For past Gulf Coast Hurricanes situation reports, see the website of the Office of Electricity Delivery and Energy Reliability (OE) of the U.S. Department of Energy at: <http://www.oel.netl.doe.gov>.

Gulf Coast Shut-in Production Per Day

Ivan vs. Katrina/ Rita vs. Most Recent

| | Ivan | Katrina/Rita | Most Recent |
|--------------------------|---|---|--------------------------------------|
| Gas (BCF/day) | 6.515 65.15% (High- 9/16/04) | 9.418 94.18% (High- 8/30/05) | 1.879 18.79% (1/5/06) |
| Oil (bbls/day) | 1,410,002 94.00% (High- 9/16/04) | 1,564,679 100.00% (High-9/26/05) | 403,861 26.92% (1/5/06) |

Normal Production in the Gulf Coast is 10 BCF/day of gas and 1,500,000 bbls/day of oil.
Source: U.S. MMS, January 5, 2006.

Gulf Coast Shut-in Production Cumulative

Katrina/ Rita vs. Ivan

| | Ivan | Katrina/ Rita |
|-------------------|---------------------------|-------------------------|
| Cumulative | 9/13/04 - 02/14/05 | 8/26/05 – 1/5/06 |
| Gas (BCF) | 172.259 | 574.210 |
| Oil (bbls) | 43,841,245 | 111,633,122 |

Source: U.S. MMS, January 5, 2006.

Louisiana In-State Daily Production and Pipeline Update

According to the Louisiana Department of Natural Resources on January 5, onshore crude oil production in southern Louisiana has reached 123,629.65 barrels per day, or 60.86 percent of the region's capacity; natural gas production of 1,614.61 million cubic feet per day, or 72.24 percent of daily capacity in 38 southern Louisiana parishes, has been restored. There are 55 on-shore pipeline operators in the hurricane-affected parishes. As of January 5, 18 operator's facilities were reopened, 21 of the operator's facilities are shut-in, and 16 of the operators experience partial system shut-ins or flow.

<http://dnr.louisiana.gov/>

Other News

Corn L.P. Prepares to Start-Up New Fuel Ethanol Plant in Iowa

Corn L.P. is putting the final touches on a new fuel ethanol plant that is scheduled to start-up and go into final production by mid-January 2006.

Reuters 6:06, January 5, 2006.

Energy Prices

| | Latest (01/05/06) | Week Ago | Year Ago |
|--|----------------------|----------|----------|
| CRUDE OIL West Texas Intermediate US \$/Barrel | 62.79 | 59.81 | 43.41 |
| NATURAL GAS Henry Hub \$/Million Btu | 9.29 | 9.90 | 5.84 |

Source: Reuters

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Note: because of the holiday schedule the weekly data will be released on Thursday, December 29, and Thursday January 5.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Note: because of the holiday schedule the weekly data will be released after 1:00 pm on Thursday, December 29, and Thursday January 5.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 pm on Thursdays Note: Release date is not affected by the federal holiday schedule.

Infrastructure Security and Energy Restoration Website from ISER/OE/DOE

<http://www.oe.netl.doe.gov>

Updated after 5:00 pm (Mon. thru Fri.) with latest Energy Assurance Daily; previous Energy Assurance Daily and emergency situation reports are also posted on the website.